https://www.financial-planning.com/news/most-advisors-dont-understand-crypto-or-actively-manage-it

Most advisors admit they don't fully understand — or manage — crypto
By Rob Burgess
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Two-thirds of advisors say they don't have a solid understanding of digital assets and cryptocurrency.

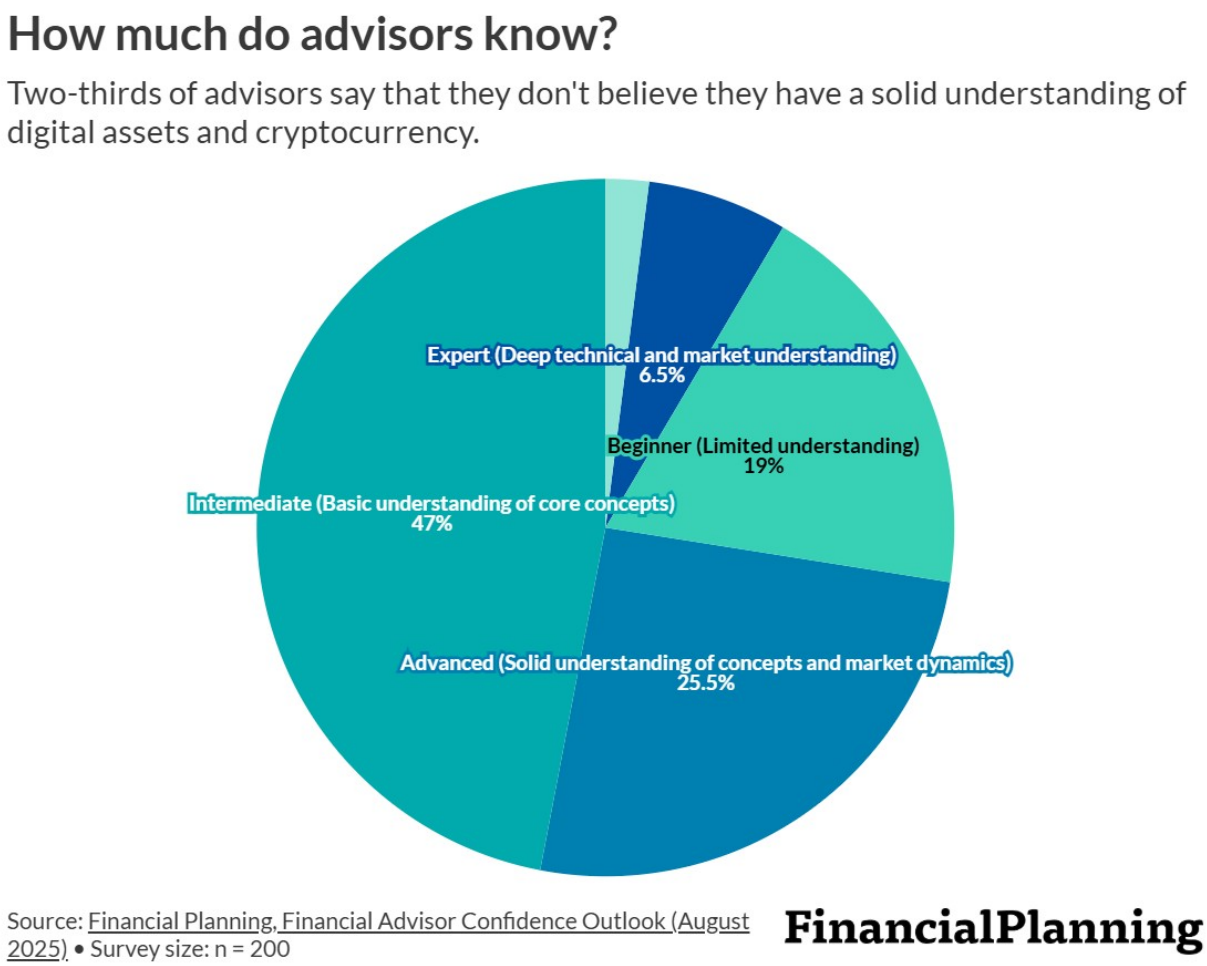
Cryptocurrency is the most common digital asset to be actively managed or included in client portfolios. Even so, only one in 10 advisors actively manage so-called payment cryptocurrencies (such as bitcoin or litecoin) — the highest rate of management across any type of digital asset. Volatility, concerns over security and custody, and a lack of clear regulatory framework are the key barriers to adoption.

But if stablecoins were backed or issued by major regulated financial institutions, nearly two-thirds of advisors would be more likely to engage with them.

Those were among the findings in Financial Planning's August Financial Advisor Confidence Outlook (FACO), a survey of financial advisors and planners that measures confidence in the economy and other factors.

Advisors rate their own understanding
By their own assessment, advisors have a long way to go in terms of understanding these emerging asset classes.

When advisors were asked how they would rate their personal knowledge and understanding of digital assets and cryptocurrencies, 6.5% judged themselves as expert, with deep technical and market understanding; 25.5% said advanced, with a solid understanding of concepts and market dynamics; 47% said intermediate, with a basic understanding of core concepts; 19% said beginner, with only limited understanding; and 2% with no knowledge.


How much do advisors know?
Two-thirds of advisors say that they don't believe they have a solid understanding of digital assets and cryptocurrency.
Expert (Deep technical and market understanding)
6.5%
Beginner (Limited understanding)
19%
Intermediate (Basic understanding of core concepts)
47%
Advanced (Solid understanding of concepts and market dynamics)
25.5%
Source: Financial Planning, Financial Advisor Confidence Outlook (August 2025) • Survey size: n = 200
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Rating himself between the intermediate and advanced categories, Jason Lilly, senior wealth advisor and founder of Tenere Wealth Advisors in Hyannis, Massachusetts, said he follows the asset class and has invested personally for several years.

"My personal investments are modest and primarily for education, experience, portfolio modeling and testing and awareness," he said.

As someone with an intermediate understanding, Matt Gagnon, founder of Financial Empowerment, a Dallas-based RIA, said he believes blockchain technology has the potential to drive innovation across the financial industry, including banking, trading and settlement.

"I'm generally interested to learn about technologies that are reshaping our modern world, including blockchain and AI," he said.

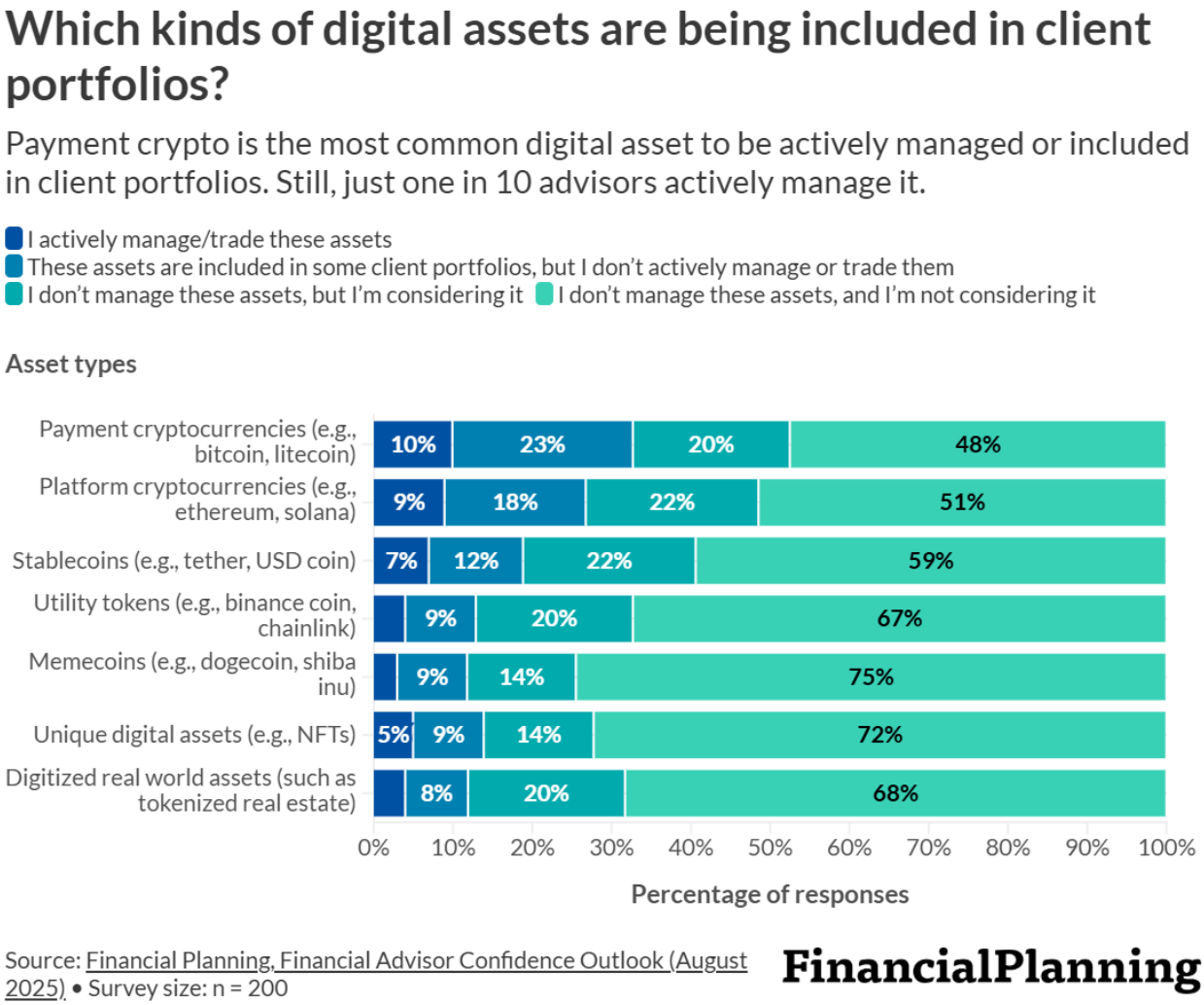
While he has personally owned some bitcoin and ethereum in the past, Gagnon said he doesn't own any now.

"I have not recommended them for clients," he said. "While the underlying technologies of blockchain and tokenization have promise, cryptocurrencies themselves, in my view, are purely speculative assets, not investments. They're basically lottery tickets."

How these are showing up in client portfolios

Only a handful of FACO respondents said they were actively managing these assets in client portfolios.

Among those who are currently engaged with digital assets, when asked how to best describe which ones they were actively managing in client portfolios, 10% said payment cryptocurrencies, like bitcoin and litecoin; 9% said platform cryptocurrencies, like ethereum and solana; 7% said stablecoins, like tether and USD coin; 4% said utility tokens, like binance coin and chainlink; 3% said memecoins, like dogecoin and shiba inu; 5% said unique digital assets, like nonfungible tokens (NFTs); and 4% said digitized real world assets, such as tokenized real estate.



Some of Lilly's clients have asked about bitcoin and ethereum, but he said he rarely fields questions on NFTs, memecoins, initial coin offerings or stablecoins.

"Questions are more curious than serious," he said.

Lilly said he views bitcoin and ethereum as having different use cases. He said it's less like Walmart versus Target and more like gold versus railroads.

"Bitcoin as a potential store of value," he said. "Ethereum as a platform to facilitate global commerce more efficiently."

The low correlation and high volatility that both bitcoin and ethereum exhibit compared to other asset classes make both cryptocurrencies interesting from a portfolio construction standpoint, said Lilly.

"Adding a risky asset in moderation and within a broadly diversified portfolio can reduce risk, improve return or a little of both," he said.

While Lilly said he does not include digital assets in client portfolios, low-cost and liquid exposure has become available via ETFs like iShares Ethereum Trust ETF (ETHA) and iShares Bitcoin Trust ETF (IBIT).

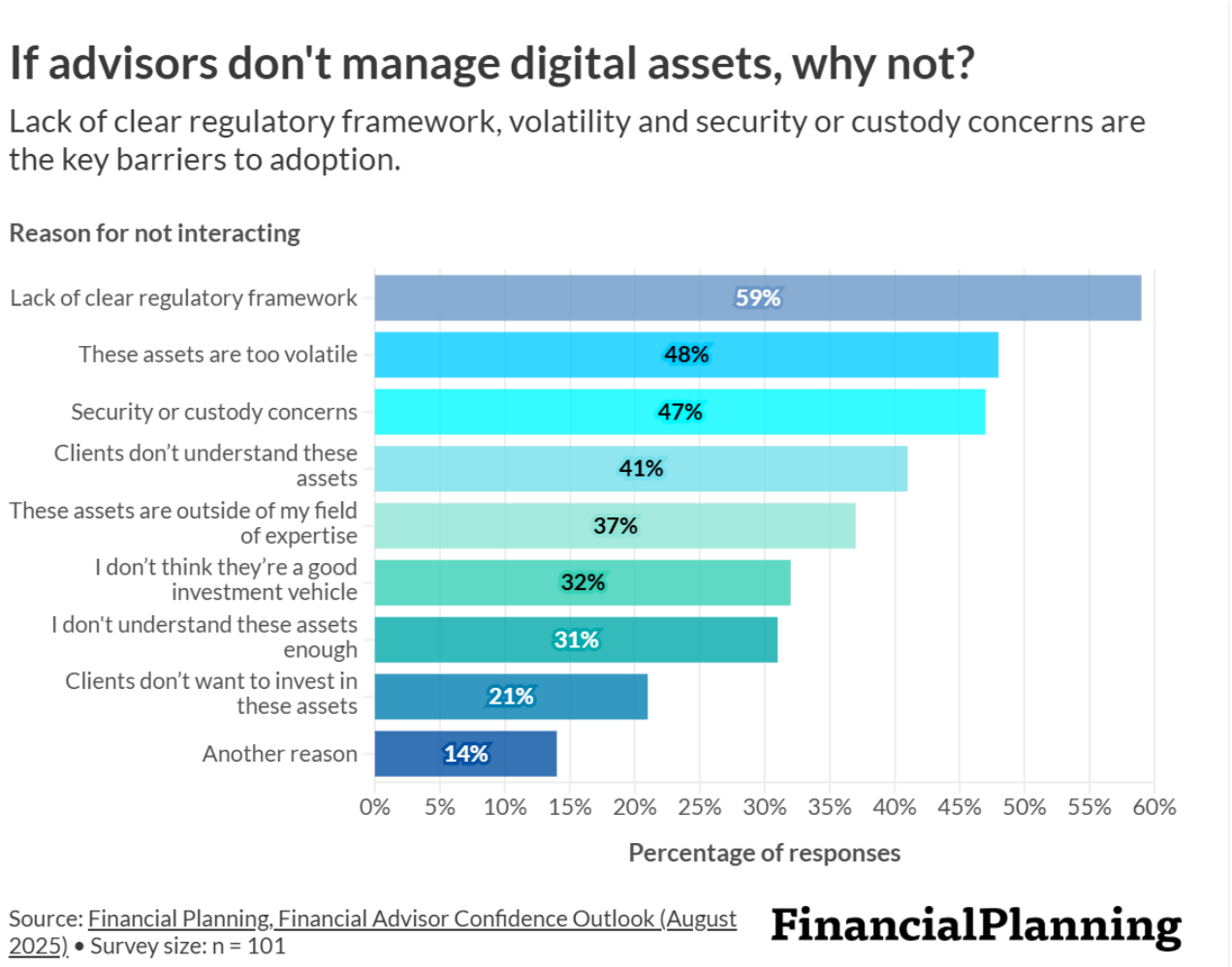
"The tracking error has been pretty good in these ETFs, suggesting returns should be close to the return of the underlying asset, an important consideration," he said.

Before founding Walk You To Wealth in Boston, Kevin C. Feig served as head of risk at two of the largest cryptocurrency exchanges, Coinbase and Kraken. He said this experience gave him a deeper understanding of and appreciation for digital assets.

"ETFs have made investing in digital assets easier and more accessible, especially in retirement accounts, and there is definitely an appetite for increased exposure," he said. "Additionally, more ETF options from multiple providers will likely lead to price competition and expense ratio reductions, which is always a win for individual investors."

What's causing so much hesitation?

But the majority of advisors do not actively manage digital assets. Many listed multiple reasons: 21% said clients don't want to invest in these assets; 31% said they don't understand these assets well enough; 32% said they don't think they're good investment vehicles; 37% said the assets were outside of their field of expertise; 41% said clients don't understand the assets; 47% said they had security or custody concerns; 48% said the assets are too volatile; 59% said a lack of clear regulatory framework; and 14% said they had other concerns.


If advisors don't manage digital assets, why not?
Lack of clear regulatory framework, volatility and security or custody concerns are the key barriers to adoption.
Reason for not interacting
Lack of clear regulatory framework
59%
These assets are too volatile
48%
Security or custody concerns
47%
Clients don't understand these assets
41%
These assets are outside of my field of expertise
37%
I don't think they're a good investment vehicle
32%
I don't understand these assets enough
31%
Clients don't want to invest in these assets
21%
Another reason
14%
0% 5% 10% 15% 20% 25% 30% 35% 40% 45% 50% 55% 60%
Percentage of responses
Source: Financial Planning, Financial Advisor Confidence Outlook (August 2025) • Survey size: n = 101
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Gagnon said he does not think of cryptocurrencies as investments because it is difficult to assign an expected return to them. For one example, he said, unlike owning stocks, where the investor can receive dividends, there are no cash flows associated with owning bitcoin.

"They seem closest to commodities in that regard, where their prices are set by supply and demand," he said. "The prices of these assets have been much more volatile than stocks, and bitcoin has tended to do well during overall speculative periods when the stock market is also doing well. So I am skeptical that cryptocurrencies can reduce risk in a portfolio."

Lilly said the digital asset class is reaching a point of maturity where he as an advisor is becoming more comfortable considering adding to client portfolios.

"Not yet, but closer," he said.

As crypto is not one-size-fits-all, and most digital assets have drastically different use cases and profiles, education is key, said Feig.

"Ultimately, you want to understand why you are holding any digital asset and

how it fits into your overall portfolio," he said.

Specific to bitcoin, evaluating the inclusion of it in a client's portfolio depends on the client, their goals and risk tolerance, said Feig.

"Much like any other asset, including stocks, bonds and real estate, there is no perfect allocation," he said. "However, I generally recommend 8% to 15% in bitcoin. Some clients are initially reluctant, but education goes a long way."

In terms of active management, Feig said he is involved only from an ETF perspective simply because most traditional finance custodial platforms haven't caught up yet, "but that will change soon."

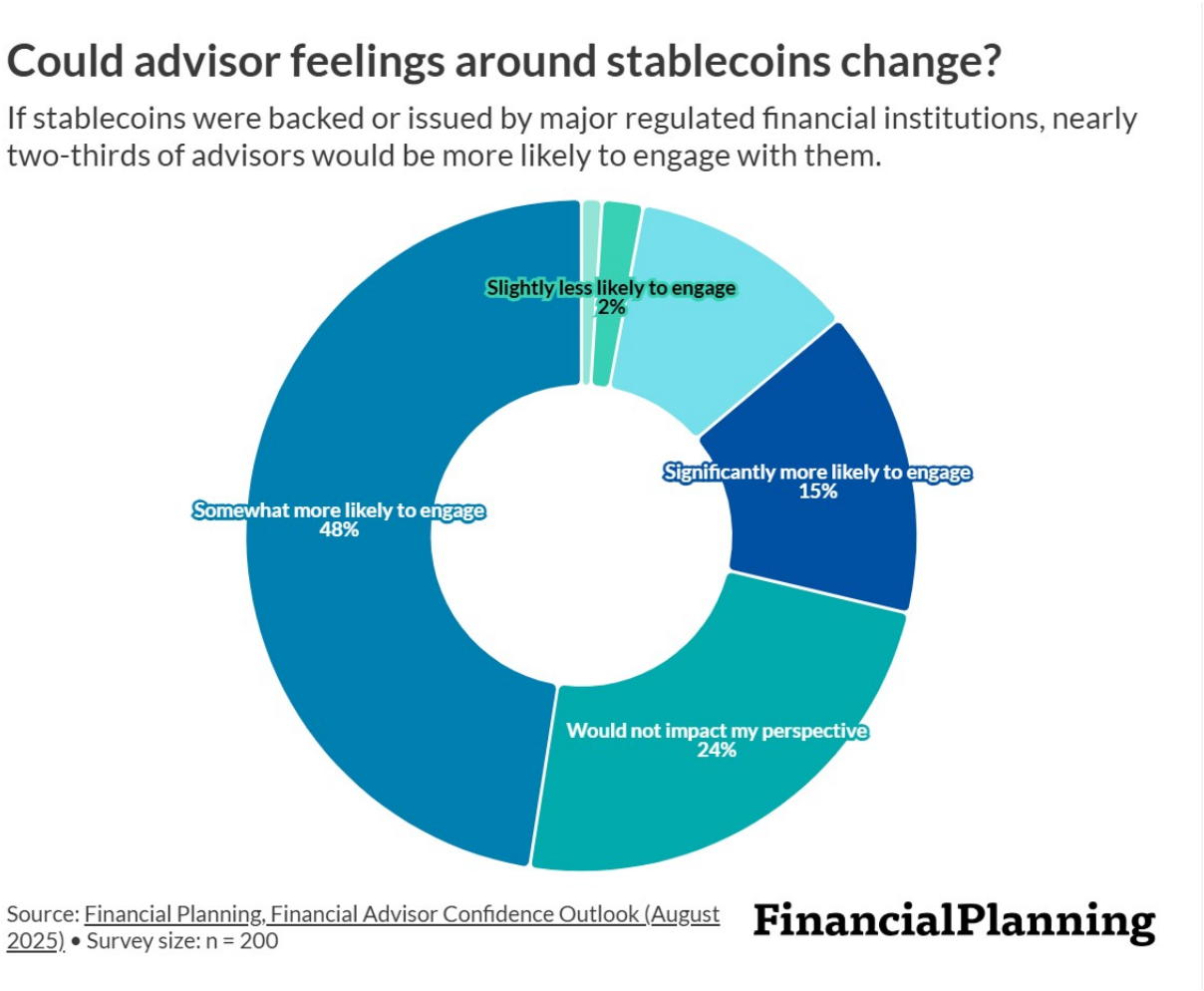
"Additionally, most early adopters hold their digital assets in hardware or software wallets, which is a self-management solution," he said.

The future of stablecoins

Last month, President Donald Trump signed the Guiding and Establishing National Innovation for U.S. Stablecoins (GENIUS) Act. This law seeks to establish a regulatory framework for stablecoins.

Stablecoins are a form of cryptocurrency pegged to fiat currency like the U.S. dollar or to short-term U.S. Treasuries.

When advisors were asked if their perspective on engaging with stablecoins (tether or USD coin, for example) would change if the coins were widely backed or issued by major regulated financial institutions, 15% said they would be significantly more likely to engage, 48% said they would be somewhat more likely to engage, 24% said it would not impact their perspective, 2% said they would be slightly less likely to engage, 1% said they would be significantly less likely to engage and 11% said they weren't sure.


Could advisor feelings around stablecoins change?
If stablecoins were backed or issued by major regulated financial institutions, nearly two-thirds of advisors would be more likely to engage with them.
Slightly less likely to engage
2%
Significantly more likely to engage
15%
Somewhat more likely to engage
48%
Would not impact my perspective
24%
Source: Financial Planning, Financial Advisor Confidence Outlook (August 2025) • Survey size: n = 200
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Gagnon said he would be somewhat more likely to engage if this were to come to pass.

"Adoption of stablecoins by large institutions or governments would imply commitment to building an 'on-chain' infrastructure for actual business use, which I think would open up more possibilities for the technology," he said.

Self-described cryptocurrency expert Henry Yoshida, CEO and founder of private and alternative investments IRA platform Rocket Dollar, said it's not a matter of if but when the financial regulators and thus major financial institutions begin to widely back and issue stablecoins.

"When this happens, I'd be more inclined to incorporate this more broadly across our nationwide customer base," he said.

Feig said he does not foresee allocating to stablecoins as an investment, as they will likely serve a portfolio role similar to money market funds or high-yield savings accounts, offering low yields of 1% to 5% and prioritizing capital preservation over growth.

"However, I recognize their value for payments, cross-border transactions and decentralized finance, where the new regulatory clarity will boost adoption," he said. "I would consider using stablecoins for these practical purposes, but not as a core investment."